



U.S. Department of Justice

Office of the Inspector General

July 7, 2015

Dear United States Attorneys,

As Chair of the Financial Fraud Enforcement Task Force's (FFETF) Grant Fraud Subcommittee, I am writing to share information about grant fraud and recent changes to the Federal grants process, including several key anti-fraud measures. As government officials, we need to make sure that its agencies are good stewards of the more than \$588 billion provided by the Federal government in Fiscal Year 2014 to grant recipients.

In November 2009, President Obama formed the FFETF to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. One of the many initiatives of the Task Force was to create a Grant Fraud Subcommittee consisting of members of the federal Office of Inspector General (OIG) community, Department of Justice (Department) attorneys, and others. The main goal of our Subcommittee is to collaborate and share ideas on ways to more effectively and efficiently prevent, investigate, and prosecute grant fraud matters. It is critically important for Federal prosecutors to pursue cases of grant fraud vigorously and seek appropriate criminal and civil remedies.

As you may know, grant awards have their own unique rules and special fraud risks. In contrast to contract awards, most grant awards are made for intangible projects and the federal grants process is essentially an integrity-based system with only occasional verification of claims.

In December 2013, the Office of Management and Budget (OMB) published the Code of Federal Regulations Title 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This regulation, which took effect for all new grant awards made on or after December 26, 2014, has significant new anti-fraud provisions, many of which our Subcommittee suggested to OMB. These include a mandatory disclosure provision, which requires grantees to report certain fraud matters to the government, new conflict of interest rules, and a clear statement

that profit is not allowable. Please find the attached summary of these changes.

We appreciate the support of the many Assistant U.S. Attorneys (AUSA) and Trial Attorneys who have worked on grant fraud cases. To assist investigators further in pursuing such matters, the Grant Fraud Subcommittee has developed the attached list of Department attorneys with experience on grant fraud cases. If we have inadvertently failed to include someone from your Office who has grant fraud experience, please let us know. We also would ask U.S. Attorney's Offices which do not have a representative on the attached list to please nominate someone from your Office to serve as the point of contact on grant fraud matters. For such nominations or any changes to the list, please contact Fara Damelin at the National Science Foundation OIG at fdamelin@nsf.gov.

On behalf of the Grant Fraud Subcommittee, thank you for your continued support in this important initiative to pursue grant fraud cases. Please do not hesitate to contact me at (202) 514-3435 with any questions or comments.

Sincerely,



Michael E. Horowitz
Chair, Grant Fraud Subcommittee,
Financial Fraud Enforcement Task Force
Inspector General, U.S. Department of Justice

Attachment